

Housing starts were strong in 2012. A new home takes shape in Pepper Pike, Ohio. TONY DEJAK/AP

December housing starts rocket 12.1%

2012 was best year for residential building since the housing bubble burst in 2008

By Julie Schmit
USA Today

Builders started work on homes in December at the fastest pace since the summer of 2008 and finished 2012 as the best year for residential construction since the housing crisis began.

The Commerce Department said Thursday that builders broke ground on houses and apartments at a seasonally adjusted annual rate of 954,000. That's 12.1 percent higher than November and nearly double the recession low of April 2009.

"Construction joined the housing recovery in 2012," as builders bet on markets with strong job growth and low vacancy rates, said Jed Kolko, economist with real estate website Trulia.

The rebound has not created a lot of construction jobs, however. Despite the increase in starts, residential construction employment was down 1.2 percent in December from a year earlier, Kolko says.

Construction activity was strongest in Raleigh, N.C., Austin and Houston, he said.

Steady growth in home construction is the latest sign of a housing recovery that is gaining strength.

For the year, builders started work on 780,000 homes. That's still only half of the number consistent in healthier markets. But it is an increase of 28.1 percent from the 608,800 homes started in 2011. And it is the most since 2008 — shortly after the housing market collapsed in late 2006 and 2007.

HOUSING NEWS

» **MORTGAGE RATE DIPS:** The average rate on the 30-year fixed mortgage dipped to 3.38 percent this week. The average on the 15-year fixed mortgage was unchanged at 2.66 percent.

» **FORECLOSURES DOWN:** Lenders took possession of fewer homes in 2012 than a year earlier. All told, banks repossessed 671,251 homes last year, down nearly 17 percent from 804,423 the year before, according to data released by foreclosure listing firm RealtyTrac Inc.